
Appendix H

COST LIMITATIONS

The Department has established the following cost limitations for negotiating contracts.

OVERHEAD COSTS (rev. Aug-06)

Professional service firms seeking to do business with the Department are required to submit audited payroll burden and overhead annually within six (6) months of the end of their fiscal year. The submitted audit must have been conducted in accordance with the Federal Acquisition Regulations. The Department will review the submitted audit and determine the overhead rate to establish for the firm.

Agreements advertised on or after December 1, 2005 will comply with the above overhead procedure. Agreements advertised prior to this date will retain their original overhead cap rates as specified in the agreements.

COMPUTER AND CADD COSTS

All computer and CADD usage costs must be included in the overhead calculation and cannot be billed as a direct cost. This does not include operator labor costs, which can be billed as direct labor.

LODGING AND SUBSISTENCE

(rev. Aug-06)

Lodging and subsistence will be reimbursed at actual cost not to exceed CONUS (Continental United States) Per Diem rates set for the location by the U.S. General Services Administration,

and pre-approved by the **DEPARTMENT**.

Agreements advertised on or after December 1, 2005 will include the above Lodging and Subsistence procedure. Agreements advertised prior to this date will retain their original Lodging and Subsistence rates as specified in the agreements.

MILEAGE RATE

Mileage for the use of vehicles on a project will be reimbursed in accordance with the Consultant's written policy, up to the current Internal Revenue Service allowable rate, under the Internal Revenue Code.

PROFESSIONAL LIABILITY INSURANCE

All Consultant insurance is considered an overhead expense. Consultant insurance costs are not paid for as a direct expense unless, at the direction of the Secretary, the Department is requiring an unusual amount of insurance for some specific purpose.

SALARY RATE MAXIMUM

The maximum salary rates for the various occupational classifications must be established during the negotiation stage for each contract, if applicable.

FIXED FEE / PROFIT

(rev. Aug-06)

The Fixed-Fee/Profit associated with cost-plus fixed-fee type agreements and supplementals must be negotiated, and the profit stated as a fixed-dollar amount. Profit expressed as a percentage cannot be used.

The Departmental guideline for negotiating the fixed-fee amount of profit is five (5) percent of proposed direct salary costs.

This may be reduced in the event a Provisional overhead rate is set by the Department. Fixed-Fee/Profit may be re-negotiated when changes are made to the overhead rate.

Fixed-Fee/Profit may also be adjusted to allow for equivalent overall compensation comparable to the Department's previous compensation formula.

Fixed-Fee/Profit for sub consultants are treated independently of the prime consultant using the same guidelines.